



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 6, 2003

## **H.R. 2195** **Smithsonian Facilities Authorization Act**

*As cleared by the Congress on July 31, 2003*

### **SUMMARY**

H.R. 2195, the Smithsonian Facilities Authorization Act, authorizes appropriations to pay for certain construction and maintenance costs at the Smithsonian Institution, and provides the Smithsonian with the authority to offer incentive payments for voluntary separation to its employees. CBO estimates this provision will increase direct spending on retirement annuities and health care benefits by \$1 million in 2004 and \$3 million over the 2004-2006 period.

### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated impact of H.R. 2195 on direct spending is shown in the following table. The changes in direct spending, which total \$3 million over the 2004-2013 period, fall within budget functions 550 (health) and 600 (income security). The act would not affect federal revenues.

	By Fiscal Year, in Millions of Dollars										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Changes in outlays	0	1	1	1	0	0	0	0	0	0	0
Changes in receipts	Not Applicable										

### **BASIS OF ESTIMATE**

H.R. 2195 authorizes the Smithsonian Institution to initiate a program to encourage certain employees to leave federal service by offering lump-sum payments. The program is patterned after the one enacted as part of the Homeland Security Act of 2002 (Public Law

107-296), which applied to most federal agencies but not the Smithsonian. Under this act, the Smithsonian will be able to offer cash payments of up to \$25,000 to qualified employees who voluntarily separate from federal service. It will have to seek approval from the Office of Personnel Management before offering the separation payments, but the act imposes no limit on the number of employees who can receive payments or the period of time during which buyouts can be offered.

CBO projects that 200 of the Smithsonian's approximately 5,000 workers will elect to receive separation payments in 2004. After 2004, we expect that between 25 and 100 Smithsonian employees will accept buyout payments each year. CBO estimates that about one-quarter of those employees who receive a buyout payment will retire earlier than they would have otherwise. As a result, H.R. 2195 will increase mandatory spending on retirement benefits from the Civil Service Retirement and Disability Fund by \$1 million in 2004 and \$3 million over the 2004-2006 period. In subsequent years, any costs or savings will be less than \$500,000 a year.

The legislation will also increase direct spending on health benefits because many employees who accept buyout payments will be eligible for coverage under the Federal Employees Health Benefits program. (The government's share of those premiums for retirees is direct spending.) CBO projects that the legislation will increase spending on retirees' health benefits by less than \$500,000 annually over the 2004-2013 period.

**ESTIMATE PREPARED BY:**

Geoffrey Gerhardt

**ESTIMATE APPROVED BY:**

Robert A. Sunshine  
Assistant Director for Budget Analysis